GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1874
ANSWERED ON:09.03.2001
STRUCTURAL AND FISCAL REFORMS
CHANDRAKANT BHAURAO KHAIRE

Will the Minister of FINANCE be pleased to state:

(a): the programmes of structural and fiscal reforms undertaken by each State and Union Territory with the World Bank/ Asian Development Bank support;

(b): the special features of these programmes State/Union Territory wise; (

(c) whether the Government are satisfied with the progress of these programmes;

(d) if so, the details thereof; and

(e) if not, the reasons therefor?

Answer

MINISTER OF STATE FOR FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a): The State Governments of Andhra Pradesh, Gujarat, Madhya Pradesh, and Uttar Pradesh have undertaken World Bank/Asiar Development supported programmes of structural and fiscal reforms;

(b), (c), (d) &(e): Statement is annexed.

STATEMENT REFERRED TO IN REPLY TO PARTS (B),(C),(D) & (E) OF LOK SABHA UNSTARRED QUESTION NO. 1874 FOR 9 3-2001

WORLD BANK

ANDHRA PRADESH

Name of the Project : Andhra Pradesh Economic Restructuring
Loan No. : IBRD: Ln.4360-IN; IDA: Cr.3103-IN
Signature/Effective/Closing Dates : 4.02.1999/26.02.1999/31.03.2004
Loan Amount Net : IBRD: US $ 301.3 M; IDA: US $ 241.9 M
Cumulative Disbursements upto 31.12.2000: IBRD: US $ 217.818 million;
IDA US $ 126.332 million

Broad features of the project are: (a) to build and strengthen institutional capacity in the area of primary education; (b) to improve the performance of the primary health care system through improvements in the quality, effectiveness, and the coverage of services; (c) to improve the nutrition and Health of young children, women particularly pregnant, lactating mothers, and adolescent girls, by increasing the quality, impact, and cost effectiveness of integrated child development services programme; (d) to reduce transport cost and transport constraints on economic activity, and improve the management of road maintenance, and quality of life of rural population in selected districts; (e) to arrest and reverse the decline in irrigated area, place the irrigation sector on a sustainable basis through involvement of farmers in irrigation management and improved cost recovery, and improve the productivity of irrigated agriculture, (f) to reduce the fiscal burden of public enterprises and cooperatives by strengthening institutional capacity to design and implement Public Enterprise Reforms; and (g) to put state finances on sustainable path and improve the development impact of public expenditure.

The progress of the Project is satisfactory.

UTTAR PRADESH

Name of the Project : UP Fiscal Reform and Public Sector Restructuring
Loan No. : IBRD: Ln.4546-IN; IDA: Cr.3341-IN
Signature/Effective/Closing Dates : 16.05.2000/23.05.2000/31.10.2000
Loan Amount Net : IBRD: US $ 126.270 million; IDA: US $ 122.966 million
Cumulative Disbursements upto 28.2.2001 : IBRD: US $ 126.270; IDA: US $ 122.966 M

The Uttar Pradesh Fiscal Reform and Public Sector Restructuring Credit/Loan would support the government`s efforts in initiating multi-year reforms to turn the situation around. The fiscal reform component of the programme is aimed at ensuring sustainability and to create additional fiscal space over the medium term for well-targeted public investments in high priority areas of development, including quantitative and qualitative improvement in social sector spending. The public sector restructuring component of the reform programme is intended to improve the quality of service delivery by reorienting the role of government, by reforming the civil service, by reducing corruption through improved transparency, deregulation and strengthening of anti corruption institutions, by decentralization and by improving financial management and accountability. Expected direct benefits include: (a) improved fiscal situation, (b) improved governance and social service delivery; (c) higher economic growth and reduced poverty; (d) contribution to reduction in the overall public sector borrowing requirements; and (e) encouragement of similar reforms in other Indian States.

After the disbursement of the first tranche, the achievement of the programme is being reviewed to assess the impact of it. Review meeting have been held in the Finance Ministry. During the meeting , it was agreed that Govt. of Uttar Pradesh has to achieve certain agreed milestones before proceeding for a second phase of the programme loan.

ASIAN DEVELOPMENT BANK

GUJARAT

Name of the Project : Gujarat Public Resource Management
ADB No. : 1506 IND
Date of approval/Loan Closing Dates : 18.12.1996/31.12.2000
Loan Amount : US $ 250 million
Utilization upto Feb.2001 : US $ 250 million

The programme supports G/o Gujarat (GOG) in augmenting domestic resource mobilization, improving the allocation and efficiency of the public sector, and reducing GOG`s role in commercial activities while promoting market-oriented policies to enhance private sector participation in the infrastructure sectors.

The Programme focuses on (1) strengthening of state public finances and their prudent management; (2) divesting and restructuring of State Owned Enterprises (SOEs) to allow the private sector to take the lead in commercial activities while reducing the burden that SOEs put on the budget and economy at large; and (3) strengthening the policy, regulatory, legal, and Institutional frameworks for private sector participation in critical infrastructure sectors (power, ports, and roads) to evolve an enabling environment.

Under the Project loan, the State Government has fulfilled majority of loan conditions.The ADB has disbursed the entire loan of US $ 250 Million. Govt. of India finds the progress made by the State Government satisfactory given the constraints it is facing.

Name of the Project : Gujarat Power Sector Development Programme
ADB No. : 1803 IND
Date of approval/Loan Closing Dates : 14.12.2000/31.12.2002
Loan Amount : US $ 150 million
Utilization Feb.2001 : US $ 50 million

Objective of the Programme is to establish independent tariff setting and regulation, rationalise the imposition of tariffs, duties, and imposts in the sector to maintain equity among consumer categories, change management practices and enhance efficiency in the power sector by introducing competition and commercialisation and to improve conservation of water and electricity on a pilot basis through improved irrigation systems.

The project closes on 31.12.2002. The progress, so far, is satisfactory.

MADHYA PRADESH

Name of the Project : Madhya Pradesh Public Resource Management
ADB No. : 1717 IND
Date of approval/Loan Closing Dates : 14.12.1999/30.9.2002
Loan Amount : US $ 250 million
Utilization Feb.2001 : US $ 100 million

The programme supports the Government of Madhya Pradesh`s efforts to foster social development and sustainable economic growth by addressing prevailing resource and implementation constraints in Madhya Pradesh. The Programme focuses on (1) enhancing resources allocation to social sectors through focused social sector interventions to support human development (2) implementing public sector reforms including capacity building and institutional strengthening for improved fiscal capabilities and management, and policy and operational frameworks for restructuring of public enterprises; and (3) promoting an enabling environment for private sector participation. The Programme will also assist in strengthening environmental management, and mitigating the social impact of economic development.

The project will close on 30.9.2002. The progress, so far, is satisfactory.